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October 22, 2012

DOLPHIN INTERNATIONAL LLC
DBA DOLPHIN LAKE POINT ENCLAVE
2401 HWY 6 E
IOWA CITY IA 52240

ATTN: Dolphin International LLC dba Dolphin Lake Point Enclave:

Dolphin Lake Point Enclave (DLPE) is in breach of your Housing Assistance Payments (HAP) contracts for all units located at 2401 Highway 6 East, Iowa City, Iowa. The breach occurred for the following reasons:

1. DLPE has charged tenants late fees related to the Housing Assistance Payments (HAP) made by the Housing Authority when the HAP contract clearly states, "The tenant is not responsible for paying the portion of the rent to owner covered by the PHA (Iowa City Housing Authority [ICHA]) housing assistance payment under the HAP contract between the owner and the PHA". SEE: HAP Contract: Tenancy Addendum Part C 5. (d).

2. DLPE has issued tenants 3-day Notices to Pay Rent or Quit for the ICHA portion of the contract rent when the HAP contract clearly states, "The tenant is not responsible for paying the portion of the rent to owner covered by the PHA housing assistance payment under the HAP contract between the owner and the PHA". SEE: HAP Contract: Tenancy Addendum Part C 5. (d).

3. DLPE did not provide the Account Ledgers and the City of Iowa City informational Disclosure and Acknowledgment forms for the tenants and units being assisted by the ICHA. This request was made by the ICHA on August 7, 2012, September 2, 2012, and again on September 4, 2012. The HAP contract clearly states, "The owner must provide any information pertinent to the HAP contract that the PHA or HUD may reasonably require". SEE: HAP Contract Part B 11. (a).

4. Leases include an early termination fee of \$700 to \$900. This is a penalty and an unconscionable lease provision under Section 562A. 7 of the Iowa Code. Leases are not

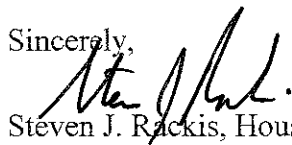
consistent with State law. The HAP contract clearly states, "The owner certifies that the lease is consistent with State and Local law". SEE: HAP Contract Part B 2. (a) (3).

Therefore, the Housing Authority is terminating the Housing Assistance Payment (HAP) Contracts for all families residing at 2401 Highway 6 East, Iowa City, Iowa, effective May 31, 2013. This action will automatically terminate the lease; SEE: HAP Contract: Tenancy Addendum Part C. 9. The termination date of the lease will be the same as the termination date of the HAP Contract. If the tenant remains in the unit after May 31, 2013, they will be responsible for the entire monthly rent.

From December 1, 2012 – May 31, 2013, Housing Assistance Payments are suspended. The Housing Authority is taking this action under the HAP Contract Part B 10. B. (c) & (d). During this period the Housing Authority will not be making Housing Assistance Payments. The tenant is only responsible to pay the portion of rent calculated by the Housing Authority. In accordance with the HAP Contract: Tenancy Addendum Part C 5. (d), you cannot collect the Housing Authority portion of rent from the family. All families will be advised that if they make additional payments for rent that they are breaching a family obligation to the HCV program and putting their assistance in jeopardy.

A copy of the letters sent to all active participants is enclosed. If you have questions concerning the above you may contact me 319-887-6065.

Sincerely,



Steven J. Rackis, Housing Administrator

cc: All Active HCV Participants
Doug Boothroy, Housing & Inspection Services
Carmen Shaw, Housing and Urban Development
Jan Rutledge, Iowa Legal Aid